

Message Text

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SUBJECT: DRAFT DIRECTIVES SIXTH FYP (1976-1980)

REF: PRAGUE 0097

1. THE DRAFT DIRECTIVES FOR THE SIXTH FYP, PUBLISHED AS A 4-PAGE SPECIAL SUPPLEMENT TO RUDE PRAVO ON FEBRUARY 22, SUGGEST THAT INVESTMENT WILL BE STEPPED UP AT SOME COST TO THE CZECHOSLOVAK CONSUMER COMPARED TO THE FIFTH FYP. THERE FOLLOWS SOME OF THE PLANNED PERCENTAGE RATES OF GROWTH OF KEY ECONOMIC INDICATORS AND INDUSTRIAL AND OTHER SECTORS FOR THE FIFTH AND SIXTH FIVE-YEAR PLANS.

	SIXTH FYP 1976-1980	FIFTH FYP 1971-1975	
	PLAN	PLAN	ACTUAL
NATIONAL INCOME	27-29	28	32
INDUSTRIAL PRODUCTION	32-34	34-36	38
CAPITAL CONSTRUCTION	35-37	38	50
INVESTMENTS	36-38	33-37	44
AGRICULTURE	14-15	14	14.8
FOREIGN TRADE	35-37	36-38	44
REAL INCOME	22-25	25	28
WAGES	13-15	18	17
RETAIL TRADE	23-25	28-30	32

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2. PLANNED 1980 OUTPUT AND ACTUAL 1976 PRODUCTION OF A FEW
KEY PRODUCTS ARE:

	1980	1975
ELECTRICITY (BILLION KWH)	78	59
CRUDE STEEL (MILLION TONS)	OVER 16	14.2
PLASTICS (TONS)	860,000	428,000
CHEMICAL FIBERS (TONS)	180,000	140,000
CEMENT (MILLION TONS)	12 OR 13	9.3
CRUDE OIL PORCESSED (MILLION TONS)	20 OR 21	15.4
	(REPORTEDLY)	
BROWN COAL (MILLION TONS)	94-97	86

THE DIRECTIVES STATE CZECHOSLOVAKIA WILL PRODUCE AT LEAST 800,00 PRIVATE CARS DURING THE FYP, FOR A YEARLY AVERAGE OF 160,000. THIS IS LESS THAN 1975 PRODUCTION OF 175,411 PRIVATE CARS, PROBABLY REFLECTING DOWN TIME AND OTHER THE DIFFICULTIES RESULTING FROM CHANGEOVER TO A NEW MODEL SKODA. THE NEW PLAN CALLS FOR CONSTRUCTION OF 640,000 NEW APARTMENTS. THE 1971-1975 PLAN CALLED FOR 500,000 APARTMENTS, BUT ACTUAL RESULTS WERE 614,000.

3. A RUDE PRAVO EDITORIAL ON THE DIRECTIVES STATES THAT THE KEYSTONE OF FUTURE CZECHOSLOVAK ECONOMIC GROWTH IS ENGINEERING, WITH ENGINEERING EXPORTS TO SOCIALIST COUNTRIES PLANNED TO RISE 70 PERCENT IN THE SIXTH FYP. CZECHOSLOVAKIA, ACCORDING TO RUDE PRAVO, CANNOT AFFORD THE LUXURY OF TURNING OUT POORLY MADE PRODUCTS OR OF PILING THEM UP IN STOCK. IT IS EVIDENT THAT THE NECESSITY OF PAYING SHARPLY HIGHER PRICES FOR IMPORTED FUEL AND RAW MATERIALS FROM CEMA PARTNERS AND THE WEST HAS GREATLY INCREASED THE PRESSURE ON THE CZECHOSLOVAK ECONOMY, AND WILL REQUIRE IT TO OPERATE MUCH MORE EFFICIENTLY IN FUTURE. PARTY SECRETARY KEMPNY, CONSIDERED ONE OF MOST KNOWLEDGEABLE TOP LEADERS ON PROBLEMS OF ECONOMY, WARNED IN A SPEECH TO A DISTRICT PARTY CONFERENCE FOLLIWING PUBLICATION OF PLAN DIRECTIVES THAT THE NEED TO INCREASE THE CONOMY'S EFFICIENCY AND FOR THE ECONOMY TO GROW INTENSIVELY RATHER THAN EXTENSIVELY STANDS OUT IN THE YEARS AHEAD FAR MORE URGENTLY THAN AT ANY TIME IN THE PAST. SIGNIFICANTLY, GENERAL SECRETARY HUSAK, IN A SIMILAR SPEECH TO A DISTRICT PARTY CONFERENCE, ALSO EMPHASIZED THE IMPORTANCE OF HIGH EFFICIENCY AND QUALITY IN FULFILLING THE SIXTH FYP. HUSAK CALLED THESE THE LIMITED OFFICIAL USE

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TWO FUNDAMENTAL FACTORS "WE HAVE LONG TALKED ABOUT BUT WHICH NOW STAND OUT WITH URGENCY." FROM HIS RECENT SPEECHES, IT IS BECOMING APPARENT THAT HUSAK IS NOW MUCH MORE INVOLVED IN AND SEIZED WITH ECONOMIC PROBLEMS THAN IN PAST. HIS LARGEST CONCERN, OF COURSE, IS FOR MAINTENANCE OF GROWTH IN LIVING STANDARDS WHICH HAS BEEN MAINSTAY OF HIS GOVERNMENT SINCE ITS INCEPTION IN 1969.

4. THE DIRECTIVES CONTAIN A STATEMENT ON THE NEED TO INCREASE TECHNICAL AND PRODUCTION COOPERATION WITH ADVANCED CAPITALIST COUNTRIES, BUT THE STATEMENT IS SO BALNDLY WORDED THAT IT GIVES LIEELE IMDICATION OF THE IMPORTANCE THE GOVERNMENT REPORTEDLY NOW ATTACHES TO INDUSTRIAL COOPERATION AGREEMENTS (SEE PRAGUE 0097 AND 0449). SENIOR OFFICIALS NOW FAVOR SUCH ICAS, BUT HAVE NOT YET SWING THE BUREAUCRACY AND THE MASS OF INDUSTRIAL ENTERPRISES AROUND TO THEIR POINT OF VIEW. ICAS, PARTICULARLY COMPLEMENTATION AGREEMENTS, REQUIRE CZECHOSLOVAK ENTERPRISES TO RELY ON DELIVERIES FROM FOREIGN FIRMS IN ORDER TO FULFILL THEIR PRODUCTION TARGETS (AND VICE-VERSA). GIVEN THE PENALTIES SUFFERED IF A PLAN IS NOT FULFILLED, THERE IS AN UNDERSTANDABLE WAIT-AND-SEE ATTITUDE AMONG CZECHOSLOVAK ENTERPRISE MANAGERS TOWARD SUCH AGREEMENTS, WHICH WOULD NECESSARILY ENTAIL SOME DOWN TIME IN INITIAL STAGES. ICAS MAY BE OF GREAT HELP TO THE CZECHOSLOVAK ECONOMY IN LONG RUN ONCE MODALITIES FOR THEIR IMPLEMENTATION HAVE BEEN WORKED OUT AND ACCEPTED BY MANAGERS OF PRODUCTION ENTERPRISES AS POSING NO THREAT TO THEIR JOBS AND CAREERS. IN SHORT RUN, HOWEVER, THEY DO NOT APPEAR CAPABLE OF BRINGING ABOUT FUNDAMENTAL IMPROVEMENT IN EFFICIENCY THAT HUSAK AND KEMPNY CALLED URGENT AND ESSENTIAL. FAILING THEIR WIDESPREAD ADOPTION, THEREFORE, OR THE ADOPTION OF OTHER MEANS OF INTRODUCING ADVANCED-- NOT NECESSARILY WESTERN-- TECHNOLOGY INTO NATION'S HARDENING INDUSTRIAL ARTERIES, EMBASSY TENTATIVELY ASSESSES DRAFT DIRECTIVES FOR CZECHOSLOVAKIA'S SIXTH FYP, ASSUMING THAT THEY ARE ADOPTED BY THE PARTY CONGRESS IN APRIL IN THEIR PRESENT FORM, AS BEING A RECIPE FOR CONTINUING LOW-TO-AVERAGE GROWTH RATES IN THE ECONOMY. PERRY

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